IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
NORFOLK DIVISION

Digital-Vending Services International, LLC,	)	
	)	Case No. 2:09-cv-555-JBF-TEM
Plaintiff,	)	
	)	
v.	)	
	)	
The University of Phoenix, Inc., *et al.*,	)	
	)	
Defendants.	)	

WALDEN'S MEMORANDUM IN SUPPORT OF ITS MOTION FOR JUDGMENT ON THE PLEADINGS OF INVALIDITY OF CLAIMS 13-22 OF THE '573 PATENT AND CLAIM 27 OF THE '664 PATENT

Pursuant to Federal Rule of Civil Procedure 12(c), Defendant Walden University, LLC ("Walden") respectfully moves for judgment on the pleadings of invalidity of claims 13-22 of U.S. Patent No. 6,282,573 ("the '573 patent") and claim 27 of U.S. Patent No. 6,606,664 ("the '664 patent"). The claims at issue are indefinite under 35 U.S.C. § 112.

Independent claim 13 of the '573 patent is a mixed apparatus and method claim. It claims a "computer storage medium" that "will cause" a "system" to perform a "method." The Federal Circuit held in *IPXL Holdings, LLC v. Amazon.com, Inc.*, 430 F.3d 1377, 1384 (Fed. Cir. 2005) that such a mixed claim is *per se* indefinite. Consequently, it is invalid, as are claims 14-22, which depend on claim 13.

Claim 27 of the '664 patent fails for the same reason; it too is a mixed apparatus and method claim. *See, e.g.*, *Rembrandt Data Techs., LP v. AOL, LLC*, No. 1:08-cv-1009, 2009 U.S. Dist. LEXIS 79610, at *13 (E.D. Va. Aug. 21, 2009). Moreover, claim 27 is indefinite for the separate and independent reason that it has no antecedent basis. The claim discloses an apparatus that "will cause" a method to be performed, "the method comprising the steps of [claim] 26." Claim 26, however, is purely an apparatus claim. It has no "steps." Indeed, there are no method steps set forth in *any* claim in the '664 patent.

The Complaint incorporates the patents-in-suit. Therefore, indefiniteness of the claims at issue can be decided solely on the basis of the pleadings pursuant to Rule 12(c). It is unnecessary to litigate these claims through discovery and claim construction to summary judgment. Holding them invalid at this juncture facilitates the just, speedy, and inexpensive resolution of this case by allowing the parties to focus on the remaining claims.

STATEMENT OF THE CASE

In March 2008, DVSI filed suit in the Eastern District of Texas, Marshall Division, against five education companies—The University of Phoenix, Inc., Apollo Group, Inc., Capella Education Company, Laureate Education, Inc., and Walden. DVSI alleged that the defendants infringed U.S. Patent Nos. 6,170,014, 6,282,573, and 6,606,664, all of which are titled "Computer architecture for managing courseware in a shared use environment." The Texas court dismissed the claims against Laureate Education for lack of personal jurisdiction. The remaining Defendants denied infringement and brought counterclaims for declaratory judgments that the patents-in-suit are invalid and are not infringed by Defendants. Defendants further alleged that this is an exceptional case, such that DVSI should pay Defendants' attorneys' fees pursuant to 35 U.S.C. § 285.

Pursuant to the Texas court's special patent rules, DVSI served infringement contentions identifying the patent claims it intends to assert against each defendant. Among the 61 claims asserted by DVSI are claims 13 of the '573 patent and claim 27 of the '664 patent.[1]

On September 30, 2009, the Texas court ordered that this case be transferred to the Eastern District of Virginia. The case was transferred from Texas on October 26, 2009, and it was docketed by this Court on November 5, 2009. The Court will hold an initial pretrial conference on January 26, 2010 to set a trial date before July 26, 2010.

ISSUES PRESENTED

1. Whether claims 13-22 of the '573 patent are indefinite because claim 13 is a mixed apparatus and method claim.

2. Whether claim 27 of the '663 patent is indefinite because (i) it is a mixed apparatus and method claim, and/or (ii) its reference to the steps of the method in claim 26 lacks an antecedent basis.

ARGUMENT

Legal Standard For Judgment on the Pleadings Under Rule 12(c)

"In patent-related cases filed in the Eastern District of Virginia, Federal Circuit law governs substantive issues, and the law of the Fourth Circuit applies to procedural matters that are not unique to patent law." *Reynolds & Reynolds Holdings, Inc. v. Data Supplies, Inc.*, 301 F. Supp. 2d 545, 549 (E.D. Va. 2004).

When deciding a Rule 12(c) motion for judgment on the pleadings, the Court must apply the same standard that is applied when ruling on a motion to dismiss pursuant to Rule 12(b)(6).

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[1] DVSI has also asserted several dependent claims that depend on claim 13. Specifically, DVSI has asserted claims 14 and 17 against all defendants and has asserted claim 18 against The University of Phoenix, Apollo, and Capella.

Burbach Broad. Co. v. Elkins Radio Corp., 278 F.3d 401, 405-06 (4th Cir. 2002). In considering a motion to dismiss under Rule 12(c), the Court must assume that the allegations in the non-moving party's pleadings are true and construe all facts in the light most favorable to the non-moving party. *Republican Party of North Carolina v. Martin*, 980 F.2d 943, 952 (4th Cir. 1992). "Judgment should be entered when the pleadings, construing the facts in the light most favorable to the non-moving party," indicate that the dispute "can . . . be decided as a matter of law." *O'Ryan v. Dehler Mfg. Co.*, 99 F. Supp. 2d 714, 718 (E.D. Va. 2000). Under Federal Circuit law, the issue of indefiniteness of claims is a matter of law for the Court to decide. *Personalized Media Communications, LLC v. International Trade Comm'n*, 161 F.3d 696, 705 (Fed. Cir. 1998) ("A determination of claim indefiniteness is a legal conclusion that is drawn from the court's performance of its duty as the construer of patent claims.").

I. Claim 13 of the '573 patent is indefinite because a single claim cannot cover both an apparatus and a method of use of that apparatus.

A method claim necessarily recites the steps of a method in a particular order. *Baldwin Graphic Sys. v. Siebert, Inc.*, 512 F.3d 1338, 1345 (Fed. Cir. 2008). A method claim "is a series of steps of manipulation, whether the steps would be performed wholly by machine or partly by a person, so long as they are not purely mental steps (an algorithm, which is dealt with in connection with electronics and computer claims)." Robert C. Faber, *12th Annual Advanced Patent Prosecution Workshop: Claim Drafting & Amendment Writing: The Winning Mechanical Claim*, 730 PRAC. LAW INST. PAT. 241, 266 (2002). Alternatively, an apparatus claim talks about the structural elements of an invention. ROBERT C. FABER, LANDIS ON MECHANICS OF PATENT CLAIM DRAFTING X-45 (4th ed. 2002) ("An apparatus claim is not merely a catalog of parts, [but] it absolutely must include a catalog of parts. It is the cataloging of the parts that gives rise to what we call the positive recitation of the elements. That is, each structural element in the claim must be set forth directly and independently of every other element."); *see generally EBS Dealing Res. v. Intercont'l Exch., Inc.*, 379 F. Supp. 2d 521, 524 n.2 (S.D.N.Y. 2005).

In *IPXL Holdings, LLC v. Amazon.com, Inc.*, 430 F.3d 1377 (Fed. Cir. 2005), the Federal Circuit held that a single claim covering both an apparatus and a method of use of that apparatus is invalid. *Id.* at 1384. The rationale for the *IPXL* rule is that such a claim is insufficiently precise "to provide competitors with an accurate determination of the 'metes and bounds' of protection involved and is 'ambiguous and properly rejected' under section 112, paragraph 2." *Id.* (internal citations omitted), *quoted in Rembrandt Data Techs., LP v. AOL, LLC*, No. 1:08-cv-1009, 2009 U.S. Dist. LEXIS 79610, at *13 (E.D. Va. Aug. 21, 2009). The Federal Circuit adopted the view of the Board of Patent Appeals and Interferences of the PTO (the "Board"), which "has made it clear that reciting both an apparatus and a method of using that apparatus renders a claim indefinite under section 112, paragraph 2." *Id.* (citing *Ex parte Lyell*, 17 U.S.P.Q.2d 1548 (B.P.A.I. 1990)):

> As the Board noted in *Lyell*, "the statutory class of invention is important in determining patentability and infringement." The Board correctly surmised that, as a result of the combination of two separate statutory classes of invention, a manufacturer or seller of the claimed apparatus would not know from the claim whether it might also be liable for contributory infringement because a buyer or user of the apparatus later performs the claimed method of using the apparatus. Thus, such a claim "is not sufficiently precise to provide competitors with an accurate determination of the 'metes and bounds' of protection involved" and is "ambiguous and properly rejected" under section 112, paragraph 2.

Id. (internal citations omitted). As the Federal Circuit observed in *IPXL*, this "rule is well recognized and has been incorporated into the PTO's *Manual of Patent Examination Procedure*," which states, in section 2173.05(p)(II): "A single claim which claims both an apparatus and the method steps of using the apparatus is indefinite under 35 U.S.C. 112, second paragraph." *Id.* (emphasis supplied).

Claim 13 of the ’573 patent discloses:

> A computer storage medium having a configuration that represents data and instructions which will cause at least a portion of a multi-level computer system, to perform method steps for managing courseware in a shared use operating environment, the shared use operating environment including a server and a client connectable by a network communications link to the server, the method comprising the steps of:
>
> > receiving at the server a request by a registered user for access to courseware which contains at east one previously treated critical portion;
> >
> > serving at least the critical portion over the network communications link for presentation to the registered user at the client; and
> >
> > monitoring link to prevent unauthorized use of the courseware.

’573 Patent 24:32-47 (Doc. # 1, Ex. B). The claim features “an improper inclusion of a method step into an apparatus claim.” *Ariba, Inc. v. Emptoris, Inc.*, No. 9:07-CV-90, 2008 U.S. Dist. LEXIS 59862, at *24 (E.D. Tex. Aug. 7, 2008) (invalidating claims under *IPXL*); *see also Rembrandt*, 2009 U.S. Dist. LEXIS 79610, at *12-*13 (invalidating a patent claim “on the grounds that it is fatally flawed for mixing a method and apparatus claim”).

The Court need not construe any claim terms to determine that the claim is invalid for indefiniteness. Whatever definition is ascribed to the claim terms, claim 13 plainly discloses an apparatus (“computer storage medium”) that causes a system (“at least a portion of a multi-level computer system”) to perform a method (“method steps for managing courseware in a shared use operating environment”). Claim 13 claims both the apparatus and the method that the apparatus will perform. Importantly, for purposes of the *IPXL* analysis, claim 13 does not claim a system *capable* of performing the steps of the method; rather, to satisfy the claim, the “will cause” language indicates that the system must *actually perform* the steps of the method. This is precisely the sort of mixed claim that *IPXL* holds is *per se* indefinite. Indeed, because of its explicit use of the phrase "the method comprising the steps of" in an apparatus claim, claim 13 mixes apparatus and method claims more blatantly than did the claim at issue in *IPXL* itself.[2]

Claims 14 through 22 are dependent on claim 13. Because claim 13 is indefinite, claims 14 through 22 are indefinite as well. *See, e.g.*, *Ariba*, 2008 U.S. Dist. LEXIS 59862, at *24-*25 ("Because claim 31 recites both an apparatus and a method, it is indefinite and therefore invalid under 35 U.S.C. § 112(2). Its dependent claims, claims 32-36 and 38, are likewise invalid.").

II. Claim 27 of the '664 patent is indefinite.

Claim 27 of the '664 patent discloses:

> A computer storage medium having a configuration that represents data and instruction which will cause at least a portion of a multi-level computer system to perform method steps for managing courseware in a share use operating environment, the shared use operating environment including a server and a client connectable by a network communications link to the server, the method comprising the steps of claim 26.

'664 Patent 26:20-27 (Doc. #1, Exhibit C). The claim is invalid as indefinite for *two separate and independent reasons*, as discussed below.

A. Claim 27 covers both an apparatus and a method of use of that apparatus.

Like the claims of the '573 patent discussed above, claim 27 of the '664 patent is a mixed apparatus and method claim. The claim recites an apparatus that "will cause" a system (or a portion thereof) to perform the steps of a method. The claim purportedly identifies both the components of the system and, by reference, the steps that comprise the method. Under *IPXL*, the claim is indefinite.

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[2] The claim found indefinite in *IPXL* was: "The system of claim 2 [including an input means] wherein the predicted transaction information comprises both a transaction type and transaction parameters associated with that transaction type, and the user uses the input means to either change the predicted transaction information or accept the displayed transaction type and transaction parameters." 430 F.3d at 1384.

B. Claim 27 lacks an antecedent basis.

Claim 27 in the ’664 patent is supposed to be a third independent claim in the patent. The first two independent claims, claims 1 and 26, recite system claims in the form of “multi-level computer architecture.” *’664 Patent* 23:49-50; 25:12-14 (Doc. #1, Exhibit C). In contrast, claim 27 recites a “computer storage medium” of data and instructions that will cause a system “to perform method steps for managing courseware in a share use operating environment.” *Id.* 26:22-24. In addition to being a mixed method and apparatus claim, claim 27 suffers from a fatal error: It does not recite any method steps. Nor does any other claim in the ’664 patent.

The apparatus recited in claim 27 is one which will cause to be performed “the method comprising *the steps of claim 26*.” *’664 Patent* 26:26-27 (Doc. #1, Exhibit C) (emphasis added). The fundamental flaw here is a simple one. Claim 26 is a pure apparatus claim, not a method claim. It does not contain *any* “steps.” Claim 26 discloses:

> A multi-level computer architecture for managing content in a shared use operating environment, the architecture including:
>
> a registration server level including at least one registration server, each registration server comprising a remote registration manager and a registration database for new user registration, and each registration server being further characterized in that it is free of content managed by the architecture;
>
> a content server level including at least one content server, each content server linked for network communications with a registration server, each content server containing content managed by the architecture, the content containing at least one previously treated critical portion, and each content server being further characterized in that it serves such content critical portions only for presentation to registered users, namely, users who have previously been registered with a registration server; and
>
> a client level including at least one client workstation, each client workstation connectable to a content server by a client-server network communications link, and each client workstation being further characterized in that it presents to at least one registered

> user a content critical portion which is served over the client-server network communications link by the content server;
>
> a funds flow manager for managing content usage payment information;
>
> a security manager for preventing unauthorized use of the content;
>
> a meter manager for metering content usage; and
>
> wherein the content comprises courseware, and the registration server further includes a reservation manager and a reservation database which permits registered users to reserve content.

Id. 25:13-26:19. As discussed above, an "apparatus claim describes a physical instrumentality comprising parts that work together to produce a predetermined result. A method claim, by contrast, describes a series of steps for producing a given result." *Fori Automation, Inc. v. Durr Sys., Inc.*, No. 07-12527, 2008 U.S. Dist. LEXIS 56627, at *2 n.2 (E.D. Mich. July 24, 2008). Steps of a method claim typically begin with a gerund – for example, "registering," "receiving," "authenticating," and "serving," as in claim 1 of the '573 patent. Claim 26 sets forth components of a "multi-level computer architecture," not the steps of a method. Thus, claim 26 is plainly an apparatus claim, not a method claim.

There are neither any method claims nor method steps anywhere in the '664 patent. When claim 27 refers to the "the method comprising the steps of [claim] 26," it is referring to something that does not exist. Consequently, claim 27 cannot be given any reasonable meaning. The Federal Circuit has held that claims "are considered indefinite when they are 'not amenable to construction or are insolubly ambiguous. . . . Thus, the definiteness of claim terms depends on whether those terms can be given any reasonable meaning." *Young v. Lumenis, Inc.*, 492 F.3d 1336, 1346 (Fed. Cir. 2007) (quoting *Datamize, LLC v. Plumtree Software, Inc.*, 417 F.3d 1342, 1347 (Fed. Cir. 2005)). Accordingly, claim 27 must be held indefinite.

CONCLUSION

For the reasons stated above, Walden respectfully requests that the Court enter judgment on the pleadings of invalidity of claims 13-22 of the ’573 patent and claim 27 of the ’664 patent.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on December 23, 2009, a true and correct copy of the foregoing was filed electronically using the CM/ECF system. As such, this document was served on all counsel who have consented to electronic service, including as follows:

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